

**AMENDMENT NUMBER ONE
TO THE INSTALLMENT PURCHASE CONTRACT**

THIS AMENDMENT NUMBER ONE TO THE INSTALLMENT PURCHASE CONTRACT dated as of February 1, 2015 by and between **NEW DURHAM CORPORATION** (the “*Corporation*”), a nonprofit corporation duly created and existing under the laws of the State of North Carolina, and the **CITY OF DURHAM, NORTH CAROLINA**, a municipal corporation duly organized under the laws of the State of North Carolina (the “*City*”), amending an Installment Purchase Contract dated as of January 1, 2007 (the “*2007 Contract*”) between the Corporation and the City.

WITNESSETH:

WHEREAS, the Corporation and the City entered into the 2007 Contract for the purposes outlined therein; and

WHEREAS, the Corporation has executed and delivered \$34,440,000 Taxable Certificates of Participation, Series 2007A (the “*2007A Certificates*”), of which \$29,185,000 are currently outstanding, and \$11,430,000 Certificates of Participation, Series 2007B (the “*2007B Certificates*”), none of which are currently outstanding, all under the Indenture of Trust dated as of January 1, 2007 (the “*2007 Indenture*”) between the Corporation and Deutsche Bank National Trust Company, the successor to which is U.S. Bank National Association, as trustee;

WHEREAS, under the 2007 Indenture, Additional Certificates (as defined therein) may be executed and delivered in order to pay (1) the cost of refunding of all or any portion of the Certificates then Outstanding; and (2) the cost of the execution, delivery and sale of the Additional Certificates; and

WHEREAS, the City wishes to amend the 2007 Contract under Section 10.04 of the 2007 Indenture in order to refinance some or all of the principal components of the City’s installment payments under the 2007 Contract; and

NOW, THEREFORE, THIS AMENDMENT NUMBER ONE TO THE INSTALLMENT PURCHASE CONTRACT WITNESSETH:

Section 1. Definitions. Capitalized, undefined terms used herein have the meaning assigned to them in the 2007 Contract, the 2007 Indenture and the First Supplement. In addition, the following words and terms used herein have the meanings set forth below:

“*First Contract Amendment*” means this Amendment Number One to the Installment Purchase Contract dated as of February 1, 2015 between the Corporation and the City and any amendments or supplements thereto, including the Payment Schedule attached hereto, amending the 2007 Contract.

“*First Supplement*” means Supplemental Indenture, Number 1 dated as of February 1, 2015 between the Corporation and the Trustee and any amendments or supplements adopted in accordance with the terms of the 2007 Indenture and the First Supplement.

“*Indenture*” means, collectively, the 2007 Indenture and the First Supplement.

Section 2. *Amendments to the 2007 Contract.*

(a) The definitions of the following terms in the 2007 Contract are replaced with the following definitions:

 “*Payment Schedule*” means the document attached hereto and incorporated herein by reference which sets forth the City’s Installment Payments.

 “*Purchase Price*” means the amount of \$, ,000 advanced by the Corporation to enable the City to finance and refinance the 2007 Project under the terms of the Contract, as such price may be adjusted in connection with the execution and delivery of Additional Certificates under Section 2.11 of the 2007 Indenture.

(b) Section 3.5(a) of the 2007 Contract is deleted in its entirety and replaced with the following paragraph:

(a) If the City has performed all of its obligations under this Contract, it shall have the option (1) to prepay or provide for the prepayment of the Purchase Price allocable to the 2007A Certificates on any date on or after June 1, 2017 in full or in part, and in all cases, in the amount of \$5,000 or any integral multiple thereof on 45 days’ notice to the Trustee, at a prepayment price equal to the then applicable prepayment price of the 2007A Certificates, plus accrued interest to the prepayment date, and (2) to prepay or provide for the prepayment of the Purchase Price allocable to the 2015 Bonds on any date on or after June 1, 20__ in full or in part, and in all cases, in the amount of \$5,000 or any integral multiple thereof on 45 days’ notice to the Trustee, at a prepayment price equal to the then applicable prepayment price of the 2015 Bonds, including any required prepayment premium under Section [3.2(a)] of the First Supplement, plus accrued interest to the prepayment date.

Section 3. *Funds.* From the proceeds of the 2015 Bonds, the Corporation will cause \$, , . to be deposited with the Trustee in the 2015 Bonds Account of the Acquisition and Construction Fund and \$ to be deposited with the Trustee in the 2015 Bonds Account of the Cost of Issuance Fund. On receipt of the funds in the 2015 Bonds Account and without requisition therefor, the Trustee will transfer \$, , . directly to U. S. Bank National Association, as escrow agent for the 2007A Certificates, which, along with funds transferred directly from the City, will defease the 2007A Certificates maturing on June 1, 2034. The Trustee will disburse money from the 2015 Bonds Account of the Cost of Issuance Fund in the manner set forth in Section 3.09 of the 2007 Indenture.

Section 4. *Payment Schedule.* The Payment Schedule attached to the 2007 Contract is replaced by the Payment Schedules attached hereto, and after the date of this First Contract Amendment, the City agrees to make all Installment Payments in the amounts and at the times shown in the Payment Schedules attached hereto.

Section 5. *Continuing Disclosure Obligation.* The City agrees, in accordance with Rule 15c2-12 (the “*Rule*”) promulgated by the Securities and Exchange Commission (the “*SEC*”), to provide to the Municipal Securities Rulemaking Board (the “*MSRB*”):

(a) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2015, to the MSRB, the audited financial

statements of the City for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2015, to the MSRB, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions “**THE CITY--Debt Information**” and “**--Tax Information**” (excluding information on overlapping units) in the Official Statement dated as January [], 2015 (excluding any information for overlapping or underlying units);

(c) in a timely manner not in excess of 10 Business Days after the occurrence of the event, to the MSRB notice of any of the following events with respect to the 2015 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of any credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2015 Bonds or other material events affecting the tax status of the 2015 Bonds
- (7) modification of the rights of the Beneficial Owners of the 2015 Bonds, if material;
- (8) call of any of the 2015 Bonds, if material, and tender offers;
- (9) defeasance of any of the 2015 Bonds;
- (10) release, substitution or sale of any property securing repayment of the 201 Bonds, if material;
- (11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(d) in a timely manner, to the MSRB, notice of a failure of the City to provide required annual financial information described in (a) or (b) above on or before the date specified.

The City agrees that its undertaking under this Section is intended to be for the benefit of the Owners and the beneficial owners of the 2015 Bonds and is enforceable by the Trustee or by any of them, including an action for specific performance of the City's obligations under this Section, but a failure to comply will not be an Event of Default under Section 13.1 of the 2007 Contract and will not result in acceleration of the principal of the 2015 Bonds. An action must be instituted, had and maintained in the manner provided in this Section for the benefit of all of the Owners and beneficial owners of the 2015 Bonds.

The City may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, but:

(1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City;

(2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances;

(3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2015 Bonds under Section 10.02 of the 2007 Indenture as may be amended from time to time.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

All documents provided to the MSRB as described above are to be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The City may discharge its undertaking described above by transmitting those documents or

notices in a manner subsequently required by the U.S. Securities and Exchange Commission in lieu of the manner described above.

The provisions of this Section terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the 2015 Bonds.

Section 6. *Representations, Warranties and Covenants of the City and the Corporation.*
The City hereby represents and warrants that the representations, warranties and covenants in Article IX of the 2007 Contract are true and correct as of the date of the execution and delivery of this First Contract Amendment as if made on the date of the execution and delivery of this First Contract Amendment.

IN WITNESS WHEREOF, the Corporation and the City have caused this First Contract Amendment to be executed in their respective names and their respective seals to be hereto affixed and attested by their duly authorized officials or officers, all as of the date first above written.

NEW DURHAM CORPORATION

[SEAL]

By: _____
David P. Boyd
Vice President

Attest:

Chad E. Cowan
Secretary/Treasurer

[SIGNATURES CONTINUED ON FOLLOWING PAGES]

[COUNTERPART SIGNATURE PAGE TO AMENDMENT NUMBER ONE TO THE
INSTALLMENT PURCHASE CONTRACT BETWEEN
NEW DURHAM CORPORATION AND THE CITY OF DURHAM, NORTH CAROLINA]

CITY OF DURHAM, NORTH CAROLINA

[SEAL]

By: _____
Thomas J. Bonfield
City Manager

Attest:

D. Ann Gray
City Clerk

[COUNTERPART SIGNATURE PAGE TO AMENDMENT NUMBER ONE TO THE
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NEW DURHAM AND THE CITY OF DURHAM, NORTH CAROLINA]

CONSENTED TO AND ACCEPTED:

U. S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Vice President

[SIGNATURES CONTINUED ON THE FOLLOWING PAGE]

[COUNTERPART SIGNATURE PAGE TO AMENDMENT NUMBER ONE TO THE
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NEW DURHAM CORPORATION AND THE CITY OF DURHAM, NORTH CAROLINA]

THIS CONTRACT AMENDMENT HAS BEEN
APPROVED UNDER THE PROVISIONS
OF THE NORTH CAROLINA GENERAL
STATUTES, § 159-152.

Secretary of the Local Government Commission

PAYMENT SCHEDULE

RELATED TO 2007A CERTIFICATES

DATE	PRINCIPAL COMPONENT	INTEREST COMPONENT	TOTAL PAYMENT
05/26/2015			
11/25/2015			
05/26/2016			
11/25/2016			
05/26/2017			
TOTAL			

PAYMENT SCHEDULE

RELATED TO 2015 TAXABLE REFUNDING LIMITED OBLIGATION BONDS

DATE	PRINCIPAL COMPONENT	INTEREST COMPONENT	TOTAL PAYMENT
05/26/2015			
11/25/2015			
05/26/2016			
11/25/2016			
05/26/2017			
11/25/2017			
05/26/2018			
11/25/2018			
05/26/2019			
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11/25/2030			
05/26/2031			
11/25/2031			
05/26/2032			
11/25/2032			
05/26/3033			
11/25/3033			
05/26/3034			
TOTAL			